
COVID-19

ECONOMIC IMPACT SURVEY

UPDATED MARCH 2021

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greater
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ALLIANCE

Economic Impact Survey: Executive Summary

The Greater Philadelphia Cultural Alliance presents the COVID-19 Economic Impact Report, providing the most complete view thus far of the economic, social and programmatic damage inflicted on the region's arts and culture sector by the pandemic. This report represents the combined results of two surveys conducted by the Greater Philadelphia Cultural Alliance, the first survey conducted from October - November 2020 and the second survey conducted from January - February 2021.

The goals for this report are two-fold. The survey and analysis were designed to provide concrete data on the impact of the COVID-19 pandemic on the arts and culture sector in the 5-county Philadelphia region. From the resulting data, recommendations were developed to inform elected officials, funders and other stakeholders in creating solutions to these pressing challenges.

DATA AND RECOMMENDATIONS

From March 2020 through March 2021, the Greater Philadelphia Cultural Alliance estimates a total revenue loss of \$371.7 million for the arts and culture sector in the Philadelphia region. This represents approximately a \$1 million loss each day for the year-over-year period. Without immediate action, the data points to a potential loss of up to 41% of the region's entire arts and culture sector by the fall of 2021. These losses represent every budget category, county and nearly every artistic discipline. It must be stated explicitly: We expect the situation to escalate if immediate action is not taken.

The pandemic continues to have drastic effects on the individuals who work in the arts and culture sector and those who benefit from their programming. More than 6,500 individuals' jobs have been affected, including layoffs, furloughs, reduced hours and elimination of contractors. This accounts only for the job losses reported by survey respondents and is likely significantly higher sector-wide.

In addition, those benefiting from the sector's programming have also been deeply affected. Most often, those most affected are populations in congregate settings such as schools, senior living residences, criminal justice systems, group homes and medical facilities. 38% of arts and cultural programs serving these communities have been cancelled or significantly reduced since the pandemic began. This is understandable given the limitations on in-person activities and technological constraints within these environments. However, it is unclear whether these programs will be restored in a post-COVID environment due to financial constraints and reduced staff capacity.

Long-term impacts are also anticipated if the sector experiences contraction, which is quite possible given that 41% of organizations reported that they are not likely to survive for more than 9 months on current contributed and earned income streams. Arts and culture programs that address racial justice, serve the LGBTQ+ community, provide access to people with disabilities and create workforce development opportunities would be decimated by organizational closures. And once gone, it will take years—if not decades—to rebuild these programs and services elsewhere.

For years there have been calls for arts and culture organizations to collaborate and merge. While this is likely to happen in the coming months and years, we must be sure that such contraction does not cause unintended collateral damage. Our reputation as an international destination is rooted in Philadelphia being a world-class arts and culture city. The loss of organizations—small, medium and large—could negatively impact our reputation, creating a ripple effect in the tourism, hospitality and restaurant industries. Moreover, such losses may affect Philadelphia’s ability to attract and retain top talent who want to live and work in a culturally vibrant city.

Informed by the data, the Cultural Alliance has developed four key recommendations to be addressed by the philanthropic, corporate and civic sectors, which aims to preserve and sustain as many of our region’s arts and culture organizations as possible into 2022 and beyond.

1. Arts and culture organizations need immediate financial relief through federal stimulus, as well as a long-term plan, in collaboration with the philanthropic community, to first ensure survival and then, achieve sustainability.
2. Earned income opportunities must be restored, by gradually lifting COVID-19 occupancy limits, restoring organizations to full capacity as soon as it is safely possible. We also ask officials to ease the burden of obtaining permits for outdoor summer performances.
3. A collaborative, sector-wide marketing campaign must be launched to address audience readiness concerns, alongside collaborations with Visit Philadelphia and the Philadelphia Convention and Visitors Bureau to ensure that arts and culture are integrated into forthcoming tourism efforts.
4. Standards for fair pay and benefits within the arts and culture sector, equitable with other industries, must be established. Funding for arts projects and jobs for artists need to be included in plans for community development initiatives.

We urge philanthropy, the business community and the public sector to respond to these recommendations and support an industry in crisis. In whatever way possible, the Cultural Alliance will be a champion, an ally and a resource for these crucial efforts.

METHODOLOGY

289 organizations participated in the two surveys collectively, including almost all organizations classified as “very large” (budgets of \$10 million and above) from the sector. Another 263 organizations for which the Cultural Alliance had previously collected basic data (annual budgets, etc.) did not participate. As a result, the Alliance knew that the missing organizations represented approximately 34.5% of the total revenue of the cultural sector, and knew the discipline, location and other important information about the non-responsive organizations.

The Cultural Alliance has a long history of substantial research on the cultural sector in the region. Through our *Portfolio* and *Prosperity* reports, we have been collecting and analyzing data since 2004. Our reports have been reviewed by journalists, subject-matter experts and specialists in various fields (e.g. data scientists) and are acknowledged to be of the highest quality work. All of this past work enables us to confidently model the losses for the missing 263 organizations with 34% of the sector’s budgets.

Other calculations include our definition of “at-risk” organizations. Organizations responding to the question, *“If your organization does not receive any additional funding, how long will you be able to continue to survive on current contributed and earned income streams?”* the Alliance identified those indicating 0-9 months as fitting that definition. “Jobs affected” was determined by asking organizations to provide estimates for each of the following categories: laid off, furloughed and reduced hours, as well as the number of independent contractors whose contracts have been cancelled, postponed or significantly reduced. Our “total jobs affected” figure includes the sum of all full-time, part-time, seasonal and contractor positions.

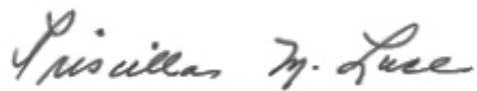
A full methodology is included at the end of the full report.

OUR THANKS


On behalf of the Greater Philadelphia Cultural Alliance, I would like to thank everyone who participated in the survey. I would also like to thank Cultural Alliance staff members, Kristen Vinh, Allie Vanyur and Kelli Paul for their incredible work collecting and analyzing this important data; Nick Crosson for his expertise and analysis of sector-wide data and implications; Meg Kane and Holly Kinser for their input and guidance; and the COVID-19 Arts Aid PHL Advisory Committee for its thoughtful insights. The COVID-19 Economic Impact Survey was made possible with support by the Dolfinger-McMahon Foundation.

The Cultural Alliance continues to work tirelessly to ensure that the arts and culture sector emerges from this crisis stronger and more sustainable. We look forward to working with the civic, corporate and philanthropic communities to support these efforts.

Sincerely,

A handwritten signature in cursive script that reads "Priscilla M. Luce".

Priscilla M. Luce
Interim President & CEO



\$371.7M

PROJECTED TOTAL REVENUE LOSS

FROM MARCH 2020 - MARCH 2021

Based on the reported revenue loss figures from organizations that participated in the survey, as well as projections informed by sector-wide analysis, the estimated total revenue loss for the entire Greater Philadelphia cultural sector from March 2020 - March 2021 is \$371.7M.

The survey asked organizations to share their actual revenue loss from March - December 2020, in addition to their anticipated revenue loss from January - March 2021. That data was used to inform a projection of the full cultural sector in the region, taking into account 551 total arts and culture organizations, which encompasses organizations who completed the surveys and all Cultural Alliance members.

ACTUAL MARCH-DECEMBER 2020



\$305.6M



REVENUE LOSS

ANTICIPATED JANUARY - MARCH 2021



\$66.1M



WHO WE SPOKE TO

289

ARTS & CULTURE ORGANIZATIONS

WITH BUDGETS RANGING FROM \$2,000 TO \$55 MILLION

Responses were collected through two surveys in Oct/Nov 2020 and Jan/Feb 2021.

- 225 of the 289 respondent organizations participated in both surveys.
- Participating organizations covered the 5-county Greater Philadelphia region, representing every artistic discipline.

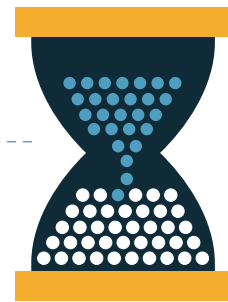
Although this data set is only a portion of the arts and culture organizations in the region, it is a representative sample of the full cultural ecosystem.

The data presented in the remainder of this report applies only to the organizations who responded to the surveys.



Without new philanthropic dollars, public support or the elimination of operating restrictions, **102 organizations identified as being “at-risk,”** representing every budget category, all 5 counties and nearly every artistic discipline. Organizations with budgets under \$1M are particularly vulnerable, representing 72% of the “at-risk” group (73 organizations).

These 102 “at-risk” organizations were more likely to be concerned about limited cash savings and reserves with 59% of “at-risk” organizations noting it as a top financial concern.



41%
ARE UNLIKELY TO SURVIVE
BEYOND FALL 2021
ON CURRENT INCOME STREAMS

If these “at-risk” organizations ceased to exist, the Greater Philadelphia region’s cultural sector would lose critical programs that:

ADDRESS RACIAL JUSTICE
(41 organizations)

SERVE THE LGBTQ+ COMMUNITY
(22 organizations)

PROVIDE ACCESSIBILITY TO PEOPLE WITH DISABILITIES
(21 organizations)

CREATE WORKFORCE DEVELOPMENT OPPORTUNITIES
(21 organizations)

46%

**SAID THEIR MOST URGENT FINANCIAL NEED
AND PERIOD OF GREATEST RISK WAS BETWEEN**



When asked when they anticipated their most urgent financial need, nearly half answered between January and June 2021, but that number soared to 76% when that period of time was extended by just three months to the end of September.

Participants identified their top financial concerns as **reduced earned revenue** and **reduced philanthropic giving**. There was also a noted concern about limited savings and/or cash reserves (41%). In addition, participating organizations saw a significant shift in the amount of their budgets that came from earned revenue—the median level for earned income in FY19 was 40%, which dropped to 23% in FY20.

Nearly half of respondent organizations identified staffing (49%) as one of their most pressing *non-financial* needs, followed by marketing (44%) and Diversity, Equity & Inclusion (39%).

87%

SAID THAT

**REDUCED
EARNED
REVENUE**

**WAS ONE OF THEIR TOP
FINANCIAL CONCERNS**

63%

SAID THAT

**REDUCED
PHILANTHROPIC
GIVING**

**WAS ONE OF THEIR TOP
FINANCIAL CONCERNS**

6,569

ARTS & CULTURE JOBS AFFECTED IN THE PAST YEAR



The pandemic continues to have drastic effects on employment in the arts and culture sector. The organizations surveyed reported that 6,569 cultural workers were affected by the pandemic.

- 2,452 positions were laid off or furloughed
- 801 positions have reduced hours
- 3,316 contractors have had their work canceled or significantly reduced

Specifically, performing arts organizations represent 53% of all laid-off and furloughed workers. Organizations with budgets under \$1 million represent half of all contractor cancellations/reductions and organizations with budgets over \$15 million experienced the largest number of lay-offs and furloughs.

38%

OF ORGANIZATIONS
HAVE CANCELED OR
SIGNIFICANTLY REDUCED
THEIR SOCIAL IMPACT
PROGRAMMING SERVING
VULNERABLE POPULATIONS

SCHOOL-AGE
CHILDREN

INCARCERATED
INDIVIDUALS

PEOPLE WITH
DISABILITIES

Most often, programs that serve populations in congregate settings (such as schools, senior living residences, criminal justice systems, group homes and medical facilities) were the most likely to be affected. One organization explained that “workshops for people with Parkinson’s disease and their caregivers...art-making workshops for people experiencing homelessness... [and] sensory-friendly mornings for families with children on the autism spectrum have been paused during the pandemic.”

ARTS AND CULTURAL ORGANIZATIONS HAVE FILLED COMMUNITY VOIDS CAUSED BY COVID-19 THROUGH



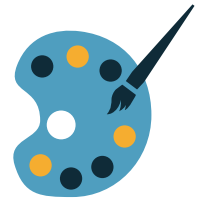
**SUPPORT
GROUPS FOR
AT-RISK YOUTH
AND TEENS**



**FOOD
DISTRIBUTION IN
HIGH-POVERTY
NEIGHBORHOODS**



**SOCIAL
SERVICES FOR
COMMUNITIES
IN NEED**



**CREATIVE
OPPORTUNITIES
FOR
BIPOC ARTISTS**

Arts and cultural organizations have stepped up to fill the void caused by COVID-19. Despite slashed budgets and reduced staff capacity, they organized emotional support groups for at-risk youth to stay connected; addressed alarming rates of food insecurity by creating food distribution programs in high-poverty neighborhoods; partnered with community organizations to provide social services (such as eviction, unemployment and legal assistance) to people in need; and responded to the urgent calls for racial justice by creating fellowships and creative opportunities for BIPOC artists.

One organization stated: “Although we are primarily an arts and culture organization, a few months ago we decided to start a small program to help people in our community deal with their basic needs during the pandemic. Through this program we offer a range of services in our community, including: distributing food, toiletries, and masks; helping residents access public services such as unemployment compensation, TANF, and Medicaid; [and] putting residents facing eviction or shutoffs in touch with legal aid organizations and other supporting groups.”

Economic Impact Findings & Recommendations

FINDINGS

- The region could lose more than 40% of arts and culture organizations in the next nine months.
- Earned income is the top concern for arts and culture leaders.
- Arts and culture is essential to the region's recovery from the pandemic.
- The sector's workforce has been decimated leading to talent flight and economic instability.

RECOMMENDATIONS

- Allocate federal stimulus funds to the arts and culture sector at a level comparable to the restaurant and hospitality industries.
- Restore the Philadelphia Cultural Fund to its pre-pandemic level and increase its budget allocation in FY2022 and beyond.
- Adjust eligibility requirements for small business relief, allowing non-profits to apply for financial assistance.
- Collaborate with the philanthropic community to develop a long-term funding plan to ensure short-term survival and long-term sustainability for the sector.
- Gradually lift COVID-19 occupancy restrictions, restoring organizations to full capacity as soon as it is safely possible.
- Ease administrative burdens in obtaining outdoor permits for performances and other arts activations.
- Launch a public awareness campaign to address audience readiness concerns.
- Ensure that arts and culture are integrated into forthcoming tourism efforts.
- Establish standards for fair pay and benefits within the arts and culture sector, equitable with other industries.
- Include funding for arts projects and jobs for artists in plans for community development initiatives.

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Arts and culture in the Philadelphia region will NOT fully recover from the COVID-19 pandemic without a significant, concerted public/private effort. While the sector has proven itself to be essential in meeting community needs during this past year—despite slashed budgets and reduced staff capacity—the data is clear. Organizations and arts programs addressing racial justice, serving LGBTQ communities and developing the workforce pipeline are poised to disappear. And with them countless more jobs—and the economic security that comes with them.

Such a loss will change the cultural fabric of the Philadelphia region irrevocably—and that change will reverberate for a generation. Arts and culture is central to Philadelphia’s identity as a world-class city and international destination. If the sector is allowed to further erode, this will have dire consequences not just in driving tourism and hospitality for the region but in our ability to attract and retain top talent who want to live and work in a culturally vibrant city.

To prevent such a loss, below are recommendations in four key areas that require immediate action by the philanthropic, civic and corporate sectors to ensure that as many as possible of our region’s arts and culture organizations survive into 2022 and beyond.

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Immediate, Unrestricted Financial Relief

Arts and culture play an important dual role in the Philadelphia region. It is a vital business sector and drives economic activity supporting tourism, hospitality and restaurants. At the same time, arts and culture is irreplaceable in our communities, highlighting our shared humanity while supporting mental and physical well-being. We embrace these roles and the responsibilities inherent in them.

However, the sector cannot sustain these critical roles without financial relief. No part of the sector has been unaffected by the COVID-19 crisis. All cultural organizations, regardless of size, need support, not only to remain afloat in the short-term but also, to establish a robust, long-term solution, which transitions the sector from recovery to sustainability. This crisis will not be solved by one group (philanthropy, corporations, local government) acting alone. There must be a unified effort to support this sector in its entirety.

- We call on city and state elected officials to allocate federal stimulus funds to the arts and culture sector at a level that matches relief funds for other, similarly challenged industries.
 - In Philadelphia, restaurants and gyms received \$12 million in pandemic assistance while arts and culture received \$1 million.
 - In the Commonwealth of Pennsylvania, the restaurant/hospitality industry received \$145 million while arts and culture received \$20 million.
- In Philadelphia, we request a full restoration of the Philadelphia Cultural Fund to its pre-pandemic level of \$3 million. Moreover, we call on the City to develop plans to further increase the Philadelphia Cultural Fund’s budget allocation in the FY2022 process and beyond.
- At all levels of government, we urge officials to recognize that nonprofit arts organizations are businesses and expand the eligibility for small business relief programs so that nonprofit organizations, which encompasses the majority of the cultural sector, can apply for financial assistance.
- We ask the philanthropic community to collaborate with the Cultural Alliance to develop a multi-year, long-term funding plan to ensure that the arts and culture sector not only survives, but emerges stronger and more financially sustainable in the years to come.

Restore Earned Income Opportunities

The top financial concern for nearly all arts and culture organizations is earned revenue. While the ratio varies, in pre-pandemic years, the sector on average received 55% of its revenue through earned channels (tickets, admissions, rentals, etc.) and 45% as contributed revenue (donations, grants, etc.). As earned revenue has been slashed during the pandemic, organizations have turned to donors and foundations for survival, but depending on increased contributed revenue is not sustainable.

The data shows that arts and culture organizations have met or exceeded all COVID safety measures required by the City. Very few, if any, have reported COVID-19 cases among audiences, and organizations have and will continue to use available resources for PPE and physical alterations to their spaces. These organizations have clearly demonstrated they can safely bring guests into their museums, theaters and galleries.

- To address the deep concerns around earned income, state and local governments must progressively lift COVID-19 occupancy restrictions to return arts organizations to full capacity as soon as it is safely possible.
 - Summer and the holiday season are two of the most profitable times for arts organizations; arts and culture organizations cannot continue to sustain themselves with capacity or operational restrictions, as they did in 2020.
- It is imperative that local governments ease the administrative burdens associated with obtaining permits to perform and exhibit outdoors. This opens up new and creative opportunities for replenishing some earned revenue during warmer months.

Collaborative, Sector-Wide Marketing Campaign

From the first survey conducted in October 2020 to the second conducted in February 2021, marketing emerged as one of the top non-financial concerns. While not explicitly indicated in the data, this is likely a sign that the sector is beginning to plan for reopening on a much larger scale. As we look to the future, it will be absolutely critical to the sector—and to the health and vitality of our region—that audiences feel safe in cultural institutions.

- A collaborative, sector-wide marketing campaign, consisting of discounted advertising and public service announcements is needed to address audience readiness concerns and welcome the public back into arts and culture spaces, similar to the “You’re Going to Love the Arts” campaign in 2001.
- Recognizing the integral role that arts and culture play in the region’s tourism and hospitality industries, we want to collaborate with the City, Visit Philadelphia and Philadelphia Conventions & Visitors Bureau (PHLCVB) to ensure that arts and culture are integrated into forthcoming efforts to promote Philadelphia as a destination ready to welcome visitors.

Plan to Support + Rebuild the Workforce

Arts and culture in the Philadelphia region have always struggled to retain skilled, innovative workers due to low pay and lack of benefits. Now, with more than 6,500 jobs affected, including reduced hours and gutted benefits packages, the challenge of talent retention is further exacerbated. And like all business sectors, reduced staff capacity paired with the stresses of working in and/or leading arts organizations through this crisis, is resulting in burnout and fatigue. This undermines the sector’s ability to recover and serve communities in the way we know they need us to as we emerge from this pandemic.

As we look ahead to the sector’s—and the region’s—recovery from this moment, we recommend long-term targeted programs to recruit and retain talented, diverse staff at every level of organizations.

- We must recognize the long-term structural issues within the nonprofit industry, and particularly within arts and culture, that result in pay and benefits that significantly lag behind other industries.
 - We must establish standards for fair pay and benefits within the arts and culture sector, equitable with other industries.
 - In the meantime, we call on funders to support and encourage fair pay and benefits within their grantees. And, we call on organizations to develop plans to pay fair and livable wages to their employees.
- In the spirit of the Works Progress Administration (WPA), public and private entities should explore how artists and cultural organizations can aid in the economic recovery of the region. We ask that funding for arts projects and jobs for artists be included in plans for commercial corridors, public transit and other community development initiatives.

Economic Impact Survey Methodology

About the Surveys

Surveys were distributed in two ways to organizations: organizations who received funding through the COVID-19 Arts Aid PHL Mid-Sized Organizations Fund received the surveys through the program Submittable (used to manage the grant program); other participating organizations responded through Survey Monkey. The surveys were designed to be parallel, with identical questions and format. Participating organizations were both Cultural Alliance member organizations as well as other arts and culture organizations in the Greater Philadelphia region.

The first survey was conducted from October - November 2020 and the second survey was conducted January - February. 266 organizations participated in the first survey and 248 participated in the second survey. 225 organizations participated in both surveys. The bulk of this report focuses on responses from the second survey, although revenue loss information was collected in both surveys.

Occasionally, data from a single organization (or small number of organizations) is removed from calculations in this report. This occurs only in circumstances for which that information changes the results in such a way that they no longer accurately represent the combined experiences of the group of organizations represented in this report. Additionally, not every organization answered every question, and therefore, their responses were omitted from those questions.

Analysis for this report was conducted by Greater Philadelphia Cultural Alliance staff along with the assistance of Nicholas Crosson. Crosson has worked with nonprofit arts and cultural organizations in research and fundraising for 15 years. Crosson conducted the primary analysis for the estimated revenue loss of the sector and assisted in analyzing other data from the surveys.

Revenue Loss for the Sector

One of the key data points in the report is an estimated loss for the cultural sector in greater Philadelphia. In order to understand the effects of COVID-19 on the arts and cultural sector, the Alliance did extensive surveying of the sector, as well as some statistical modelling.

289 organizations participated in the surveying, including almost all of the very large organizations (\$10M+ budgets) from the sector. Another 263 orgs for which the Alliance had previously collected basic data (Annual budgets, etc.) did not participate. As a result, the Alliance knew that the missing organizations represented approximately 34.5% of the total revenue of the cultural sector, and we knew the discipline, location, and other important information about them.

The Cultural Alliance has a long history of substantial research on the cultural sector in the region

- through our Portfolio and Prosperity reports, we have been collecting and analyzing data since 2004. Our reports have been reviewed by journalists, subject-matter experts, and specialists in various fields (e.g. data scientists) and are acknowledged to be of the highest quality work. All of this past work enables us to confidently model the losses for the missing 263 organizations with 34% of the sector's budgets.

A key element is that we know from multiple analyses - including the 2011 Portfolio report, which looked at the effects of the Great Recession on the region's cultural sector - that organizations of similar size, within similar disciplines, have generally been affected in the same way by macroeconomic trends. That is, Large Museums will generally be affected in the same way and small performing arts organizations will be affected in the same way, but there may be key differences between how large museums and small performing arts organizations are affected.

As a result, in order to model the missing data, we "broke down" the dataset into 20 different size-and-discipline-based components, looked at how COVID-19 was affecting each type of organization based on the data from the 289 survey results, and then "totaled" these separate impacts to get a picture of the sector. In doing so, we made some key decisions that we also feel improved the accuracy of the model - e.g. organizations under \$50,000 were excluded from our estimates because we did not have a sufficient sample size.

We will continue to collect data and analyze the effects of COVID-19 as additional more detailed data become available. When new data becomes available, we will improve and adjust our findings. For now, we believe that we have the best possible understanding of the effects of this crisis that is available at this time.

"At-Risk" Organizations

To determine "at-risk" organizations, we looked at organizations who answered the following question from the second survey: "If your organization does not receive any additional funding, how long will you be able to continue to survive on current contributed and earned income streams?" with one of the following answers: "0 - 3 months", "3 - 6 months", or "6 - 9 months." 102 organizations, or 41%, answered one of those options.

We determined that this question was the best to determine organizations who were the most at-risk because it asked them to objectively identify a specific period of time where they would no longer be able to survive if their current levels of contributed and earned revenue remained the same.

Job Loss Data

The Cultural Alliance asked for job loss numbers across several areas in the second survey, asking organizations to share information on how staffing has changed due to the pandemic.

For survey purposes:

- Laid off means a position has been permanently eliminated.
- Furloughed means a position has been temporarily let go, with the intention of rehiring pending resources.
- Reduced hours means any decrease in staff hours, including the transition from full-time to part time.

We also asked organizations to provide an estimate of the number of independent contractors whose contracts have been cancelled, postponed or significantly reduced from March 2020 to present. Our “total jobs affected” figure includes the sum of all full-time, part-time, seasonal and contractor positions.